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Temperance crusade picks up speed

Sobriety-minded legislation grabs more states' attention

By Peter Romeo

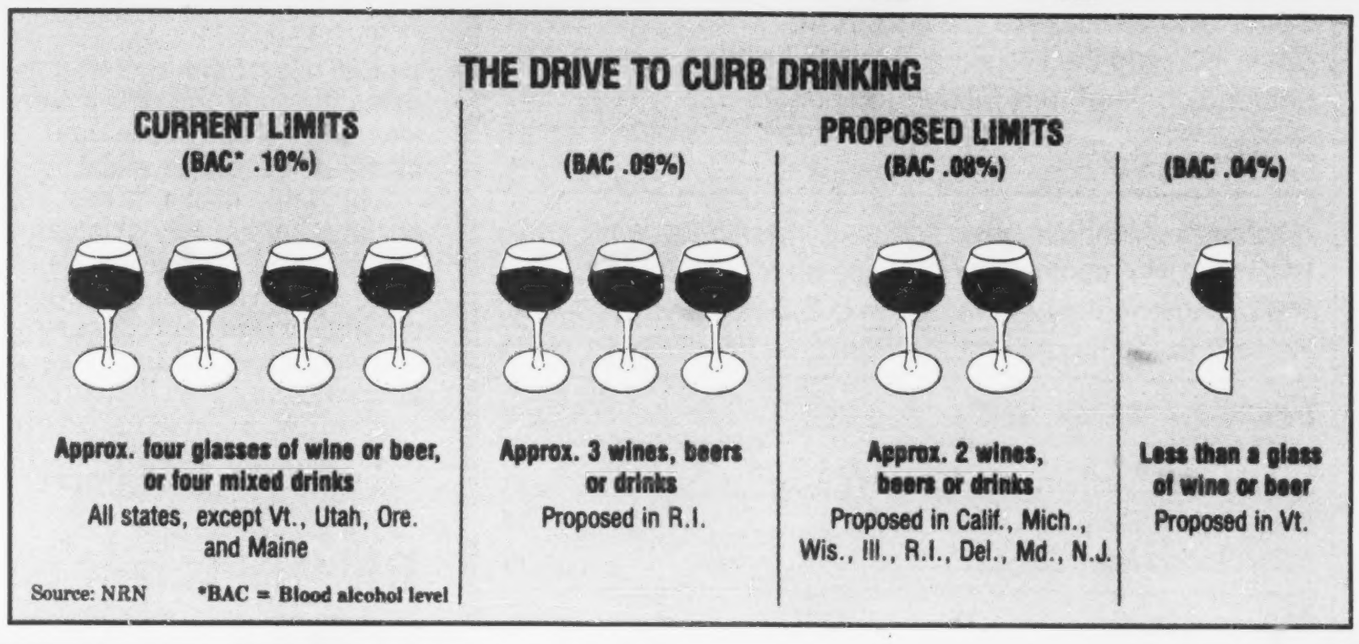
The temperance movement that quashed alcoholic-beverage sales in the mid-1980s is regaining momentum, with many states seeking to curb drunken driving by discouraging consumption at restaurants and other liquor-serving establishments.

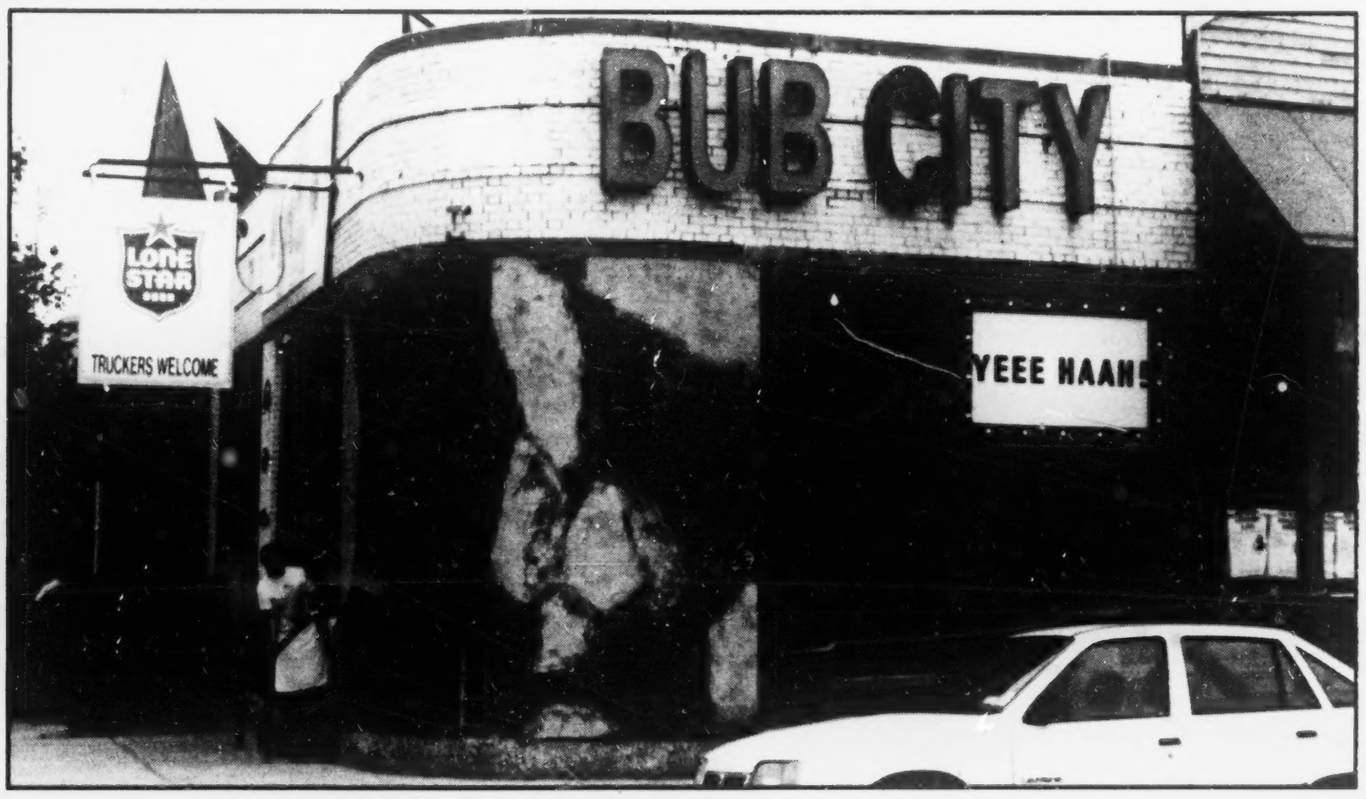
"It's 1984 all over again," said Jeff Prince, senior director of the National Restaurant Association.

Vermont recently became the fourth state to reduce the amount of alcohol a patron can legally consume before driving home, and California is poised to follow suit. Under the tougher regulations the average restaurant customer could be arrested for drunken driving after having three glasses of wine with dinner.

"It's going to hurt, no doubt about it," said Stan Kyker, ex-

*(See **STATES**, page 71)*


THE DRIVE TO CURB DRINKING
CURRENT LIMITS
(BAC* .10%)
PROPOSED LIMITS
(BAC .09%)
(BAC .08%)
(BAC .04%)
Approx. four glasses of wine or beer, or four mixed drinks
All states, except Vt., Utah, Ore. and Maine
Approx. 3 wines, beers or drinks
Proposed in R.I.
Approx. 2 wines, beers or drinks
Proposed in Calif., Mich., Wis., Ill., R.I., Del., Md., N.J.
Less than a glass of wine or beer
Proposed in Vt.
Source: NRN
*BAC = Blood alcohol level



Richard Melman's Bub City, a Southern crab shack and barbecue roadhouse in Chicago.

Arby's rocked by exec firing

By Rajan Chaudhry

ATLANTA — The Arby's restaurant system, one of the great turnaround stories of the late '80s, has been rent into warring factions by the ouster of its president, Leonard Roberts, and his replacement by New York restaurant baron Irving Riese.

Riese's appointment is evoking cries of outrage from franchisees, already frantic over the firing of Roberts. They say Riese's operation of competing franchises poses a serious conflict, that he has little experience as a franchisor, and that his intentions are to own, not manage, Arby's Inc., a subsidiary of DWG Corp., which is controlled by finan-

*(See **ARBY'S**, page 4)*

Riese

Roberts

The tangled web of Victor Posner
See story on page 4

Honky tonkin' hits Chicago at Melman's new Bub City

By Carolyn Walkup

CHICAGO — Bub City, the newest Lettuce Entertain You Enterprises Restaurant, gives Chicagoans a taste of both a Southern crab shack and a Texas barbecue honky-tonk.

While crab houses — like Bob Chinn's Crab House in suburban Wheeling, Ill., and LEYE's own Shaw's Crab House — have proved that Chicagoans love crustaceans, the Southern flavor is emerging as a variation on the theme. The Old Carolina Crab House, operated by Dan Rosenthal and Cathy Newton, opened last June, and veteran restaurateur Mel Markon plans to open a Southern barbecue restaurant here this winter.

Like everything in Texas, Bub City is big — 600 seats spread throughout several rooms — making the renovated auto parts shop the largest restaurant in the LEYE restaurant group of more than 25. The music, sometimes live and sometimes recorded, is loud, ranging from Texas rockabilly to Louisiana zydeco. And, as in all restaurants with Richard Melman's touch, the attention to detail is remarkable.

*(See **MELMAN**, page 71)*

FOOD WATCH

Football feeding frenzy

What do you feed a ravenous 280-pound professional football player after a grueling practice session?

These days the answer is poultry and seafood.

According to ARA Services, which handles food service at the summer training camps for five National Football League teams, the players' eating habits have veered from the traditional staples of meat and potatoes to more fish and white meat.

*(See **FOOD WATCH**, page 71)*

CHARLES BERNSTEIN: BLACKS FACE BARRIERS IN EXEC ASPIRATIONS — Page F3

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September 18, 1989

NEWS DIGEST

GM eyes Oriental concept; exec vp Hattaway resigns

NEW ORLEANS — General Mills Restaurants Inc. is exploring the possibility of developing an Oriental restaurant concept, president Joe Lee confirmed at the 30th annual Multi-Unit Food-Service Operators (MUFSO) conference here.

Meanwhile, General Mills Restaurants executive vice president William Hattaway has resigned to form his own company, Today's Restaurants Concepts Inc. Hattaway, a 16-year General Mills veteran, also was president of Red Lobster International.

Kress Muenzmay has been named general manager of Red Lobster Japan, but Hattaway's other duties have not been assigned, a company spokesman said.

An Oriental dinner house is the top prospect among several concepts the company is looking at, Lee indicated. Other possibilities include a Spanish dinner-house concept.

Illinois bans 'happy hours' in bid to curb alcohol abuse

SPRINGFIELD, Ill. — The state has passed a law banning two-for-one "happy hour" drink specials and other promotions commonly used by restaurants and taverns to boost alcoholic beverage sales.

The law, which takes effect immediately, outlaws selling two drinks for the price of one; boosting the alcohol content of drinks without increasing the price; reducing drink prices during certain hours; pouring unlimited drinks for one price; holding free drink promotions; and awarding free drinks as contest prizes.

A slew of states banned happy-hour promotions during a drunken-driving crackdown in the mid-1980s.

BK wields new agency's ads in debut of discount offer

MIAMI — Burger King, backed by the debut campaign from one of its new advertising agencies, has kicked off a discounting promotion in which a different sandwich will be offered each weekday for 99 cents.

The 99-cent Daily Special is spotlighted in new commercials from Saatchi & Saatchi, which splits Burger King's $215 million advertising account with D'Arcy Masius Benton & Bowles. Saatchi has been hired to develop product-oriented "tactical" campaigns, while DMB&B was retained to draft "image oriented" advertising, according to Burger King.

The agencies' selection in May was viewed as a crucial step in the burger chain's turnaround effort.

Under the new promotion, a buck buys a breakfast sandwich on Monday, a bacon double cheeseburger on Tuesday, a Whopper on Wednesday, a double cheeseburger on Thursday, and a Whaler fish sandwich on friday.

NY's health chief proposes mandatory health insurance

ALBANY, N.Y. — The state health commissioner has advised the governor to extend medical insurance to 2.5 million unprotected residents in part by requiring restaurants and all other employers to provide basic health-care coverage to all employees.

Such mandated health-insurance programs have been vehemently opposed by the food-service industry, which contends that the financial burden would force a great number of operations into bankruptcy. The National Restaurant Association is leading the fight to block passage of a federal health-benefits law.

At present, only Hawaii and Massachusetts have passed laws mandating that employers provide health insurance. However, many states, including California, are eyeing health-insurance requirements as a way to bring medical care within reach of more individuals.

Governor Mario Cuomo did not indicate whether he would endorse the health-care proposal put forth by health commissioner Dr. David Axelrod.

Industry attempts to soften impact of Disabilities Act

WASHINGTON — Food-service industry lobbyists are scrambling to mold pending legislation that would force restaurants and other public places to alter structural features that pose an obstacle to disabled employees and customers.

The National Restaurant Association and other industry groups have expressed concerns about certain ambiguous components of the Americans With Disabilities Act, which the Senate recently approved by a wide margin. The House is expected to pass its version of the bill later this month, and President Bush is widely expected to sign the measure into law.

The act requires businesses to provide "reasonable accommodations" for disabled persons if the effort does not entail "undue hardship." Critics have noted that "reasonable" and "undue" are very ambiguous terms. Lobbyists are striving to clarify those gray areas during hearings in the House.

The NRA estimates that compliance with the Disabilities Act would raise the cost of constructing a restaurant by .05 percent to 1 percent.

Grand Met taps Pepsico exec for top post at Häagen-Dazs

TEANECK, N.J. — Grand Metropolitan PLC has recruited Pepsico executive Ove Sorensen to assume the presidency of Häagen-Dazs, the Grand Met subsidiary here that operates a string of ice cream shops.

The presidency had been vacant since Mark Sullivan tendered his resignation last May, several months after Grand Met acquired the chain through the takeover of The Pillsbury Co.

Ove had been senior vice president of marketing and sales for Pepsi-Cola International, the overseas arm of Pepsico's soft-drink operations.

KFC buys out partner in New Zealand venture

LOUISVILLE — Kentucky Fried Chicken has acquired its partner's stake in a New Zealand joint venture that operates 50 KFC units within that nation.

The amount paid to Goodman, Fielder, Wattie was not disclosed.

KFC has been in New Zealand since 1970.

"This acquisition will provide a strong foundation for future growth of Kentucky Fried Chicken in New Zealand," said Don Pierce, president of KFC's international division. "It will give us greater flexibility to respond to competition and it will enable us to upgrade our facilities more quickly."

Dairy Queen plans rollout of soft-serve frozen yogurt

MINNEAPOLIS — After a 300-unit sales trial, Dairy Queen said it has decided to launch a systemwide rollout of a soft-serve frozen yogurt line in early 1990.

The frozen treat would be available in cones and cups, garnished with nuts, fruit, and candies. The yogurt would also be blended with mixed-in sweets and sold as a milkshake-like concoction called a Breeze.

With 5,100 units, Dairy Queen is the nation's largest snack chain.

Popeyes launches test of oven-baked chicken

JEFFERSON, La. — In an effort to lessen its reliance on fried foods, Popeyes Famous Fried Chicken has begun test marketing an oven-roasted spiced chicken.

The sales trial is under way in Boston, according to area franchisee Dean Corsones. The chicken is seasoned and slowly baked, allowing the bird to simmer in its juices for added flavor, Corsones said. Popeyes' signature fried chicken is spicier than most of the products sold by competitors.

The roasted chicken is sold either whole or cut into quarters or halves.

FINANCIAL NEWS

USDA says chicken costs will stabilize in 4th Q

By Rajan Chaudhry

WASHINGTON — Chicken prices, which wrought havoc on the bottom lines of restaurant companies through the first half of the year, will stabilize in the fourth quarter, according to U.S. Department of Agriculture projections.

Pepsico's Kentucky Fried Chicken, Marriott's Roy Rogers chain, and Collins Foods International are among the operations sent reeling by the one-two punch of steep chicken costs and stiff discounting by competitors.

But analysts expect profits to rebound as a result of wholesale chicken prices that, according to USDA predictions, will remain slightly below year-ago levels.

"Production has been heavy all year, but prices have stayed amazingly strong," said Lee Christensen, head of poultry research and analysis for the USDA.

According to the USDA, broiler prices began the year at about 58 cents per pound, peaked at more than 70 cents per pound in May, and dropped to about 57 cents per pound in August.

Early September readings show broiler prices up to about 61 cents, said Christensen, but the USDA estimated costs would fall below last year's fourth-quarter average of 58 cents per pound in this year's final quarter.

The expansion of chicken offerings on the menus of quick-service restaurants contributed to high price inflation in the first half of the year, he said.

"In May there was the featuring of new chicken products by some of the fast-food chains, particularly McDonald's introduction of a new chicken sandwich."

Although McD's set up lines of supply well in advance of its May rollout, Christensen said the introduction still had an effect on the market, helping raise broiler prices to the year's highest point.

"It stands to reason that whenever you have something that's going to increase the demand for a product, unless there's a tremendous surplus, it's going to create some action in the market and at least temporarily drive prices up," he said.

Tight supplies of beef and pork also created a situation in which chicken prices could be raised by producers to maintain its relative pricing, Christensen said.

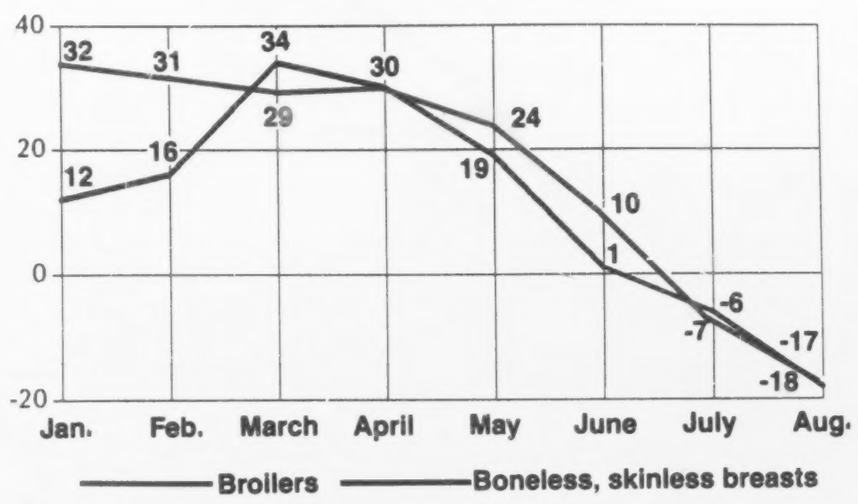
"Prices are definitely coming down," said KFC vice president Greg Reynolds, "and the anticipation is that they will continue to fall through 1990."

Broiler prices often follow a three-year cycle, explained Reynolds, and the industry is coming off the segment during which prices rose because of increased demand and adverse weather, which killed off some of the breeding stock.

Broiler producers, he said, have reinvested to raise capacity, and prices have started down once more.

CHICKEN PRICES DIP

(year-to-year percentage change)



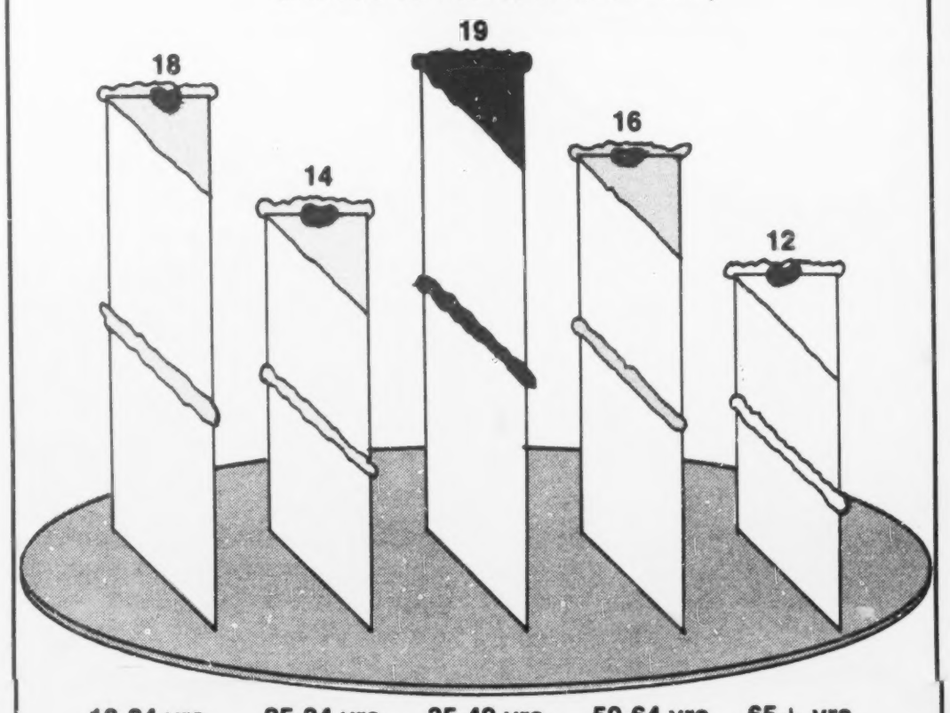
Source: U.S. Department of Agriculture

FACT FILE

A look at the statistics shaping the industry

35- TO 49-YEAR-OLDS TAKE THE CAKE

(percentage of each age group likely to order dessert at a table-service restaurant at lunch)



Source: National Restaurant Association Gallup Survey, 1989

Shoney's same-store sales rise 6%

NASHVILLE, Tenn. — Shoney's Inc. said a comparable-store sales gain of over 6 percent helped boost pretax, preinterest-expense profits 13 percent, to $28.4 million, on a 12-percent rise in revenues, to $210 million, for the third quarter ended Aug. 6.

Net income fell 57 percent year-to-year, to $6.2 million, reflecting an increase of about 700 percent in interest expense resulting from the company's 1988 recapitalization.

The company said that at the end of the latest quarter it had made $165 million of principal payments, including prepayments of $123.8 million, against the $585 million of bank borrowings used to finance the recap.

For the August-ended nine months, Shoney's net income fell 67 percent, to $13.7 million, on a 13-percent rise in revenues, to $656 million.

Shoney's chains, which comprise more than 1,570 restaurants, include Shoney's, Lee's Famous Recipe, and Captain D's. The company also operates 51 Shoney's Inns.

FOOD PRICE OUTLOOK

Coffee prices moving up again

On the hope that the International Coffee Organization will reinstate quotas on coffee-producing countries, the price of **green coffee** has started to move back up again. Prices, which had dropped to about one-half of last year's level, have regained about 20 percent of the decline. Part of the price rise is attributable to increased buying by roasters preparing for the fall-winter heavy coffee consumption period.

Egg prices continue high, with no immediate improvement in sight. Producers are not planning any major increases in output, and demand remains strong.

Broiler prices are lower than last year's, with production running about 5 percent to 6 percent higher than in 1988. Although demand has increased as well, prices have remained fairly stable through summer.

Turkey production is expected to move up. Prices have been stable, but demand for processed turkey is increasing steadily and many producers are planning a 10-percent or higher increase in output for this fall.

Catfish demand continues to grow, but production is running about 20 percent above last year's, and prices have been relatively stable. The farmed fish is taking its place on more menus each year, according to the American Catfish Marketing Association.

According to federal government figures, over half of all fishery products consumed in the United States are now imported.

After high prices through much of the summer season, banana imports are increasing and prices have dropped to a more seasonal level.

Carrot prices have dropped as a result of strong West Coast and Midwestern harvests.

Colored **bell pepper** output in this country continues to grow, with prices somewhat lower than last year's. But the product is still a specialty, and prices reflect it.

— Patt Patterson

NRN FINANCIAL DIGEST

Pantera's gets nibble from investors

DALLAS — Pantera's Corp. said it has received a letter of interest from a partnership that has stated its intent to buy up to $20 million of the troubled pizza-chain operator's common stock at $2 to $2.25 a share.

Pantera's said the proposal is non-binding and subject to several conditions, including further satisfactory negotiations with its secured lenders.

The company also said that it is continuing discussions relating to an extension of a previously granted waiver from its lenders and that, subject to the availability of cash, it plans to convert into cash and common stock a portion of its convertible debentures.

Ed Debevic's sale closes

LOS ANGELES — The joint venture owners of Ed Debevic's Inc. said they completed the sale of the six-unit diner chain to a new corporation owned by Arthur G. Cohen, Philip Pilevsky, Dennis L. Riese, and principals of Lettuce Entertain You Inc., including Richard Melman.

The former owners were Collins Foods International, which held a 60-percent stake; Lettuce Entertain You, 31 percent; and Big 4 Restaurants Inc., 9 percent.

Terms were not disclosed.

Max & Erma's lifts net income 21%

COLUMBUS, Ohio — Despite higher food costs and tough year-ago comparisons, Max & Erma's Inc. improved net income 21 percent, to $320,000, on a 24-percent increase in revenues, to $5.7 million, for its third quarter.

In the same period last year, onetime gains from franchise fees and the termination of certain agreements with the company's founder boosted net income by $55,000.

Discounting the gains, operating income advanced 52 percent year to year, the company said.

Same-store sales increased 12 percent for the quarter and 14 percent year-to-date, it said.

For the latest nine months, Max & Erma's posted a 60-percent increase in net income, to $962,000, on a year-over-year gain in revenue of 28 percent, to $18.6 million.

The company, which operates 12 Max & Erma's restaurants, said rising food costs would force it to raise menu prices as part of its November menu revision.

Le Peep to acquire franchisee

DENVER — Le Peep Restaurants Inc. said it has agreed to acquire certain assets of its franchise operations in Chicago, Peeple Foods Inc.

The agreement, terms of which were not disclosed, is part of Le Peep's strategy of increasing the number of company-owned restaurants in selected markets, the company said.

The Le Peep chain comprises 70 specialty breakfast restaurants.

FOCUS | OPINION

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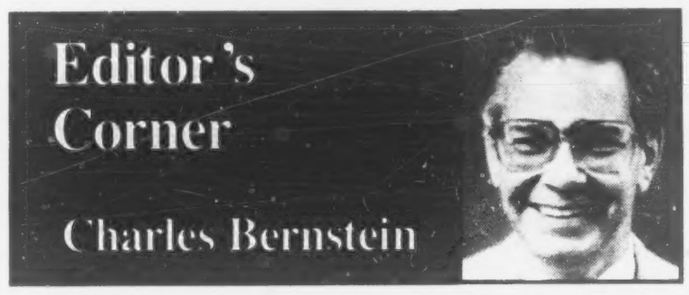
Blacks face barriers in exec aspirations



The restaurant industry will need 10 million employees by the early 1990s, and there is growing concern about how they can be obtained. One of the best solutions is to hire older people, who — as previously emphasized here — make positive contributions to the industry but are too often victims of age discrimination.

In this space we also earlier talked about the challenge facing food service, to offer more opportunities for women in executive positions. Few women have risen to the executive suites of food-service operators.

Nor are women the only group facing discrimination. If this industry is to grow and prosper, it must attract the most qualified applicants without regard to race. While progress is being made in this direction, it is all too slow and a tremendous push is required to accelerate the process.

Nowhere is the gap more noticeable than with blacks. So few of them are in the upper levels of management and key leadership positions that one could almost name them all in a minute. This problem is a combination of the industry's reluctance to consider blacks for executive posts and the lack of peers for blacks to emulate.

Herman Cain, the highly capable president of Godfather's Pizza and a National Restaurant Association board member, in a sense is the Jackie Robinson of the food-service chain industry. He is perhaps the only black who has risen to this level.

On the independent restaurants side, Ernest Royal, the dynamic Rutland, Vt., operator, stands as a leading example. As a longtime NRA board member, he has pioneered human resource programs and understands the obstacles facing blacks better than anyone else does.

In almost any major industry conference, Cain and Royal are often the only blacks present. They are highly respected, but the lack of other black executives is a sad commentary on the industry's efforts to open its executive positions to blacks.

Ted Holmes, president of the 13-unit Chicken George chain in the Baltimore area in the early 1980s, urged other blacks to seek entrepreneurial positions in the industry. But his chain failed.

McDonald's, which was picketed by blacks in confrontations in the late 1960s, has since taken a leadership role and has been staunch in its encouragement of black franchisees. Some point the finger at its board and its top executives and say there are no blacks. But we are confident it is just a matter of time before blacks advance higher at McD.

Burger King's black franchisees were in an uproar a few years ago, but the situation has been smoothed out somewhat, although BK black franchisees still have their own organization.

KFC has been in the forefront of aggressively encouraging black franchisees.

Some of the more prominent black franchisees have been Noah Robinson of Chicago, a Wendy's and KFC franchisee; Pennsylvania's Franco Harris, who was a Wendy's franchisee; Brady Keys, a Burger King and KFC franchisee in the Detroit region; and Donald Harty, a six-unit Burger King franchisee in the New York City area.

Keys, Harty and others have proved that fast food can work exceedingly well in inner cities. But most major operators have shied away from such locations, preferring locations in the outskirts or suburbs.

As one franchisee put it, "The franchisors have shut off inner-city opportunities." One might also add that food-service operators have all too often shut off opportunities for blacks to advance.

Actually, blacks have been given or have seized more opportunities on the institutional, noncommercial side of the business than anywhere else. Shirley Watkins, food-service director of the Memphis, Tenn., school district, won the International Foodservice Manufacturers Association's coveted Silver Plate award as operator of the year in her category.

Some recent developments have been encouraging. Domino's has named two black franchisees, John Cobb of Washington, D.C., and Edwin Bones of Maine, to head a new program to encourage the advancement of blacks and other minorities within the Domino's system. The chain hopes to accomplish this through recruiting at high-school and college job fairs and by publishing stories in its franchisee newsletter, The Pepperoni Press, emphasizing minority opportunities.

Shoney's, which earlier was charged with discriminating against blacks, has reached an agreement with the Southern Christian Leadership Conference to encourage blacks at Shoney's and its Captain D's chain, too. Shoney's is set to launch "fast-track" management advancement programs for blacks.

Almost every white executive says he believes in judging people purely on merit. And many of the executives fervently believe that. But it doesn't seem to come to fruition.

It took a long time before the stereotype that blacks could not play quarterback on a National Football League team was finally disproved. Nor does the stereotype that blacks can't play in the executive suite have any validity. It is simply an opinion of the white majority.

As Shoney's chief executive J. Mitchell Boyd emphasizes: "We can't just be reactive. We've got to be proactive, reach down the organization and find the women and minorities. We've got to bring them through to better management positions where they can stand as symbols to other people, showing them that there are opportunities in the organization."

Bravo for Boyd! We fervently hope that other food-service companies will adopt this proactive approach to help solve the critical challenge of moving more blacks into executive positions, based on merit.

LETTERS

Recyclable newspaper fights garbage crisis

Editor, NRN:

Throughout your Editor's Corner on the garbage crisis a great deal of attention is devoted to the causes of America's garbage problem and to recycling.

However, I've noticed that no indication is given in your publication that Nation's Restaurant News is printed on recycled paper. In fact, the publication is printed on "slick" paper, which is refused by most, if not all, recycling operations.

I quote editor Charles Bernstein: "Operators must fulfill their responsibilities for improving the environment and fostering customer goodwill."

When do Nation's Restaurant News and Lebhar-Friedman Inc. intend to fulfill their responsibility toward the environment? Paper and paperboard compose the largest proportion of municipal waste, some 41 percent.

If Bernstein honestly believes that "the industry can learn from McDonald's and follow its example," why can't Lebhar-Friedman Inc. learn and follow also?

— **Paul A. Beck**
Martinez, Ga.

Reply from the Editor: Beck's point is well taken. The paper used to produce Nation's Restaurant News is coated paper, which cannot be recycled. But it is biodegradable and eventually disintegrates when put in a landfill. This is the same process that is used by thousands of publishers today. Only uncoated paper can be recycled, and NRN chooses to continue using the higher grade of coated paper.

MUFSO: Welcome back to New Orleans in '89

Editor, NRN:

In the fall of 1981, I was invited to attend your MUFSO Conference held at the Fairmont Hotel here in New Orleans. At that time I had been with the Louisiana Restaurant Association only since January and was struggling to form an organization that would represent the restaurant industry in Louisiana in a way that it should be represented.

I didn't know what MUFSO was or who the people are in the industry, and NRN sat me at one of the head tables next to Gene Bishop of Morrison's Cafeterias. It was one of the most impressive events I have ever attended in my life.

I attended the next two or three MUFSOs, and the invaluable contacts that I made helped build the Louisiana Restaurant Association into one of the largest and strongest state restaurant associations in the country.

I might add that Morrison's, within a few weeks of the meeting in New Orleans, became a member of our association.

The point to all this is to let you know my feelings on MUFSO and how proud I am that you're coming back to New Orleans in 1989. Warmest regards.

— **Jim Funk**
executive vice president
Louisiana Restaurant Association
Metairie, La.